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TREASURY FOR GLASER/LEBENSON
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E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [ECIN](#) [SY](#)
SUBJECT: SYRIA JOINS THE UNOFFICIAL DEVELOPING NATIONS GROUP AT
THE WTO

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11. (SBU) Summary: On February 6, the SARG announced that it had joined the unofficial developing nations group at the WTO, the latest in an ongoing campaign to portray the SARG as strengthening international economic relationships. Syria is receiving \$1.6 million USD in pre-WTO accession assistance from the UNDP, as well as technical assistance from the European Commission under the MEDA Program (financial instrument of the Euro-Mediterranean Partnership) and Institutional and Sector Modernization Facility Program (ISMF) to achieve Association Agreement requirements and implement institutional reforms. However, Syria's latest WTO-related announcement appears more politically motivated than reflecting any real commitment to liberalize its economy by complying with accession requirements. End summary.

12. (U) Local press reports on February 6 stated that Syria has joined the unofficial developing nations group at the WTO, and reiterated Syria's desire to join the WTO and highlighted the SARG's commitment to economic reform and trade liberalization. Furthermore, the articles in state-controlled media implied that Syria's accession to the WTO is a natural step on the country's path of economic success, and pointed to Syria's participation in GAFTA, the unsigned EU-Syrian Association Agreement, and pending free trade agreements with Iran and Turkey.

13. (SBU) On December 10, immediately preceding the first of Prime Minister for Economic Affairs Abdullah Dardari's repeated public comments concerning Syria's pending WTO accession request, the SARG and the UNDP signed an agreement to institute a \$1.6 million project that will assist Syria in achieving its pre-WTO accession requirements. According to one UNDP economist, the organization's support to the SARG thus far has been limited, citing a seminar for SARG ministers to discuss the challenges of WTO pre-accession, a two-day workshop on corruption, and the distribution of training kits to the Ministry of Economy and Trade that focus on economic liberalization. These initial activities will feed into a larger one-year project that will focus on restructuring Syria's legal framework, namely revising Syria's competition laws and amending Investment Law Number 10 to improve investment incentives and establish standardized criteria by which investment projects are approved. UNDP contacts cautioned the SARG that UNDP assistance would not guarantee accession to the WTO, and told the SARG that it would need to be serious about deepening economic reform and policy implementation in order to achieve WTO membership.

14. (SBU) Though the European Commission does not have a specific project or technical assistance program to assist the SARG with its WTO accession goals, the Europeans are supportive of the SARG at a technical level under the auspices of helping it comply with

reform requirements for the EU Association Agreement. Contacts at the EU mission in Damascus have called the Association Agreement an "excellent framework" that provides the SARG with economic and trade guidelines that are in-line with WTO accession requirements. EU programs have focused primarily on the Ministry of Finance and the Customs Department, with technical experts providing advice on tax and fiscal reform, public expenditures, and customs administration. The European Commission is currently finalizing its latest Country Strategy Paper (under the MEDA Program) that will provide assistance to help Syria achieve the objectives of the Association Agreement. Additionally, the EU's ISMF is evaluating the SARG's five-year economic plan to identify where improvements in Syria's trade legislation can be made. Our EU interlocutors believe that despite Syria's tenuous political situation, the EU should continue technical assistance to encourage the SARG to reform its economy.

15. (SBU) Comment: The SARG's recent decision to join the unofficial developing nations group at the WTO builds on Dardari's previous statements asserting that "trade diplomacy" with other countries will help Syria gain support in its attempt to become a member of the WTO. The SARG's actual commitment, however, to comply with WTO accession criteria is questionable at best. For example, though the SARG has trumpeted its special committee to monitor the country's progress in achieving WTO accession requirements, contacts at UNDP said that the task force has never met and suffers from high turnover. The announcement of Syria's membership in the unofficial developing nations group at the WTO is most clearly seen as another example of the SARG attempting to convince Syrians that the regime is neither economically nor politically isolated.